

**ILLINOIS COMMERCE COMMISSION**

**PUBLIC ACT 100-0432**

**CLASS I RAILROAD  
SUPPLIER DIVERSITY REPORT**

2019 REPORT



**2020 Halo National Award Winner for Employee Engagement**

**RAILROAD NAME:** CSX TRANSPORTATION

**HEADQUARTERS ADDRESS:** 500 WATER ST  
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**DATE SUBMITTED:** JULY 8, 2020

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## I. CSX TRANSPORTATION

- National Network and Background

CSX, based in Jacksonville, Florida, is a premier transportation company. It provides rail, intermodal and rail-to-truck transload services and solutions to customers across a broad array of markets, including energy, industrial, construction, agricultural, and consumer products. For nearly 200 years, CSX has played a critical role in the nation's economic expansion and industrial development. Its network connects every major metropolitan area in the eastern United States, where nearly two-thirds of the nation's population resides. It also links more than 230 short-line railroads and more than 70 ocean, river and lake ports with major national population centers and farming towns alike.



- **CSX IN ILLINOIS**

- Employment** CSX has over 700 direct employees in Illinois, with terminals in Bedford Park, Chicago, Danville, East St. Louis, Ottawa, and Riverdale. Several hundred more contractors work at CSX facilities throughout the state.
- Commodities** CSX transports a number of commodities including corn, grain, sweeteners and coal. CSX also moves industrial products, general merchandise, steamship good and supports UPS operations.

- **CSX in the Illinois Community**

In 2019, CSX served veterans, diverse supplier and job seekers, the disabled, minority communities, and public safety communities throughout the State of Illinois.



**LITTLE COMPANY OF MARY**  
HOSPITAL AND HEALTH CARE CENTERS

## The Technology to Heal, the Mission to Care





#### **PRIDE IN SERVICE INITIATIVE – SUPPORTING MILITARY AND FIRST RESPONDER FAMILIES**

On October 26, 2019 CSX hosted a Blue Star Families Halloween Party at the Brookfield Zoo for Military Families through its national partnership called Pride in Service. The event was co-hosted by Blue Star Families. Nearly one in five CSX employees is serving or has served their country or community. In 2018 CSX launched Pride in Service, partnering with the nation's leading veteran, military family and first responder organizations, each of whom addresses a unique area of need within the service community.



## **II. ANTITRUST STATEMENT OF CSX TRANSPORTATION, INC.**

CSX Transportation, Inc. (CSXT) is submitting the information in this report at the request of the Illinois Commerce Commission. Our purpose in participating is to provide the Commission with information regarding supplier diversity.

Compliance with all laws, particularly the antitrust laws, is a paramount policy at CSXT.

To ensure compliance with antitrust laws, CSXT will not discuss the following topics:

- Transportation terms and conditions of any carrier for any shipper/receiver or passenger rail carrier.
- Standardizing or stabilizing prices to, from or among competitors for transportation, equipment supply or equipment repairs.
- Boycotts or refusals to deal with any particular entity.
- Carriers', vendors' or shippers' pricing or marketing practices.
- Modifications to carrier, vendor or shipper specific rates or charges.
- Industry-wide guidelines, standards, procedures or agreements that would restrict competition.
- Any topic that might give even the appearance of discussing the prohibited topics I've just mentioned.

While collective action to support the development of sound public policy, legislation and regulations enjoys qualified antitrust immunity, that immunity is always applied narrowly. So CSXT will be careful – and we encourage all other companies and entities to be similarly careful – even in this official, governmental setting in avoiding inappropriate subjects and in carrying out our important obligations under federal and state antitrust laws.

CSXT appreciates the opportunity to provide the Commission with information concerning CSXT's supplier diversity.

### **III. CSX DIVERSITY**

- **CSX IS PROUD OF ITS ESSENTIAL AND SAFE WORKFORCE. MANY OF THE JOB FUNCTIONS TAKEN ON BY SUPPLIERS IN MANY OTHER INDUSTRIES ARE DONE BY A DIVERSE GROUP OF CSX EMPLOYEES.**
- **FREIGHT RAILROADS ARE AMONG THE HIGHEST CAPITAL INTENSIVE BUSINESSES UNDERTAKEN BY OUR EMPLOYEES.**

#### **Chicago/Illinois Employee Diversity**

<b>% Minority</b>	<b>57%/34%</b>
<b>% Female</b>	<b>26%/9%</b>
<b>% Diverse</b>	<b>64%/37%</b>

- **CSX SUPPLIER DIVERSITY**

In Illinois, CSX uses Diverse Suppliers not all of which are located in Illinois but support our network operations in the state. This includes diverse legal, logistics, software, office supplies many many more types of functions for CSX. CSX is committed to promoting and fostering an inclusive procurement process that provides opportunities for all suppliers, regardless of size or any social or economic distinction, such as age, race, creed, color, sex, ancestry or national origin. While CSX does not award suppliers based on preferences that would result in unfair competitive advantages over other Suppliers, CSX is committed to actively seeking and engaging diverse suppliers to compete for opportunities to support CSX.

**Diverse Supplier Procurement Policy**

The objective of CSX's Procurement Department is to procure the materials, supplies and services needed to support railroad operations across its network. At CSX, we accomplish this through a competitive bidding process where awards are made, consistent with other corporate commitments, on the basis of 4 essential factors:

- Quality and workmanship of materials.
- Service that meets the needs of CSX.
- Fair prices, efficient operations, sound engineering and research.
- Ability to provide materials and services in the required timeframe.

In order to ensure that diverse business enterprises have an opportunity to supply the required services and commodities, CSX initiated a Diverse Supplier Procurement Program, under which we will ensure a continued focus on improving supplier relationships with small, minority-owned and women-owned businesses.

- **Highest Level of Active Management Participation**

Head of Procurement

- **Conference Attendance.** National conferences rotate each year to different cities to provide cost effective attendance by suppliers. In 2019 CSX attended the following conferences:

- WBENC National Conference (Baltimore, MD)
- NMSDC National Conference (Atlanta, GA)



- Toyota Minority Supplier Conference (Detroit, MI)

## Process, Scope, and Tools

Class I railroads are held to high safety, quality, and performance standards by regulatory agencies and by our shareholders. Due to these demands, CSX only hires vendors who can provide services and materials that meet our stringent standards of safety, quality, and performance.

At all levels CSX encourages the active participation in our bidding process to all vendors, including those deemed as diverse or disadvantaged businesses. In that regard, CSX holds all vendors to the same standard, regardless of diversity status, only hiring those who can meet our previously mentioned requirements along with our high volume demands as well.

### ▪ Supplier Pre-Assessment Tool supplier counts:

- Total CSX National active diverse suppliers – 131
- Total CSX Illinois diverse suppliers – 6
- Total CSX Illinois Tier 2 diverse suppliers on CREATE project - 14

- **Program Size and Results:**

Supplier Diversity spend is measured as Prime and Tier 2. CSX does not track spend on a state level as many of our agreements are system-wide which ensures consistency with quality, price, and safety standards previously outlined.

- Prime Diverse Spend – Payments to a diverse-owned supplier that provides materials and services directly to CSX.
- Tier 2 Diverse Spend – The diverse spend paid by a prime supplier that is either directly or indirectly related to materials and services provided to CSX.

The range of materials and services purchased from diverse-owned suppliers include, but are not limited to: Engineering Materials and Services, Mechanical Materials and Services, Signal Materials and Services, Construction and Design, MRO, Corporate Services, Environmental Services, Vehicles, Technology Services and Hardware, and Work Equipment.

▪ **Diverse Spend (2019):**

<b>In Millions:</b>	<b>\$ MM</b>
<b>Prime</b>	<b>\$90.3</b>
<b>2019 Tier 2* Total Indirect Credit</b>	<b>\$150K</b>
<b># of Diverse-Owned Suppliers</b>	<b>3</b>

▪ **Diverse Spend Opportunity**

The majority of products that CSX buys are rail specific and have specifications that are required to meet Federal and trade association requirements. The percentage of spend on these items cover 95% of overall spend. The quality and safety attributes are the primary drivers of the specification and vesting process.

Through partnering with suppliers CSX will continue to drive innovation and higher performance. CSX is always interested in the development of new suppliers to diversify its supply base and increase competition. These areas represent the greatest opportunity for all suppliers to create additional products and increase their business with CSX.

- **CREATE B-9 INFRA Grant**

CSX published a public bid for the Chicago Region Environmental and Transportation Efficiency (CREATE). The Bid is available on-line at [www.createprogram.org](http://www.createprogram.org).

There is a 23% minority supplier requirement per agreement with the Illinois Department of Transportation on the project. CSX is working closely with public partners on the bidding, design, and construction of this project in 2019 in Bridgview, Illinois (Cook County).

- **CREATE P-3 GS-19 INFRA Grant**

In 2019, Parsons Engineering was selected to execute final design on the CREATE P-3 and GS-19 projects in Chicago. There are 13 minority suppliers and contractors working on this project.

- **CSX Other Information – IL Minority Suppliers**

CSX is also presently under contract or directly utilized in 2019 diverse MBE suppliers. These include:

- A registered MBE Law Firm based in Chicago, IL
- A minority-owned catering company based in Chicago, IL
- A minority MBE trucking company in IL
- A minority MBE for engineering based in City of Chicago
- A minority MBE NETWORK LLC based in IL
- A minority MBE Enterprise Company based in IL

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